

Message Text

CONFIDENTIAL

PAGE 01 JAKART 10955 230509Z

21

ACTION EB-07

INFO OCT-01 EA-07 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07

(ISO) W

----- 093621

R 210431Z AUG 76

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 6314

C O N F I D E N T I A L JAKARTA 10955

E.O. 11652: GDS

TAGS: ENRG, ID

SUBJECT: GOI-STANVAC SITUATION

1. ALTHOUGH IT HAS BEEN WIDELY ASSUMED BY PRESS AND OIL PATCH THAT STANVAC HAD AGREED TO PAY GOI ADDITIONAL \$1.00 PER EACH BARREL LIFTED AS DID CALTEX ON APRIL 15. COMPANY REPORTS IT STILL DOES NOT HAVE WRITTEN AGREEMENT. STANVAC RESIDENT REP REPORTS COMPANY HAD MEETING ON AUGUST 5 WITH MINES MIN SADLI TO DISCUSS STANVAC'S SITUATION. SADLI REITERATED GOI'S WISH TO HAVE COMPANY PAY ON SAME BASIS AS CALTEX BUT IMPLIED GOI WOULD BE WILLING TO MAKE ADJUSTMENTS BECAUSE OF STANVAC'S "SPECIAL SITUATION", I.E. DECLINING PRODUCTION, LARGE NUMBER OF INDONESIAN STAFF WHO WOULD BECOME UNEMPLOYED IN EVENT OF ANY PENDING CUTBACK. ETC.

2. STANVAC INDICATED COMPANY, AS EXPRESSION ITS WILLINGNESS TO COOPERATE, COULD AGREE TO PAY ADDITIONAL DOLLAR, PROVIDED GOI WOULD BE PREPARED GRANT SPECIAL CONCESSIONS, I.E. PERHAPS DISCOUNTS ON FUTURE OIL PRODUCED BY EXPENSIVE SECONDARY RECOVERY OR ON MARKETING CRUDE AS IN CALTEX CASE.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 JAKART 10955 230509Z

3. ACCORDING TO STANVAC REP, POSITION OF SADLI WAS, "PAY NOW, TALK LATER." MINISTER ADMITTED HE WAS UNDER GREAT PRESSURE FROM MANY IN GOI, REPORTEDLY INCLUDING FINANCE MINISTER ALI WARDHANA, TO WRAP UP AGREEMENT AND HAD VERY LITTLE FLEXIBILITY TO NEGOTIATE. HE COULD ONLY INDICATE ORALLY THAT, IN RETURN FOR ADDITIONAL PAYMENT, GOI WOULD HOLD ADDITIONAL DISCUSSIONS WITH STANVAC ON ACTUAL IMPLEMENTATION.

4. SENSING THAT THEIR OPTIONS AT THAT POINT WERE RATHER LIMITED, STANVAC RELUCTANTLY AGREED TO MAKE PAYMENTS ON RETROACTIVE BASIS TO JANUARY 1, 1976. THESE PAYMENTS FOR FIRST TWO QUARTERS WILL AMOUNT TO ABOUT \$6.6 MILLION. SHAREHOLDERS (EXXON AND MOBIL) WERE ADVISED OF STANVAC'S SITUATION AND CONCURRED; PAYMENTS WERE EFFECTIVE AS OF AUGUST 9. COMPANY HOPES TO RENEW DISCUSSIONS NEXT WEEK BUT THIS MAY BE DIFFICULT GIVEN EXPECTED ABSENCE OF MANY, INCLUDING SADLI, FROM JAKARTA.
NEWSOM

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, CENTRAL GOVERNMENT, BUSINESS FIRMS, NEGOTIATIONS, PRICES, PROFIT SHARING
Control Number: n/a
Copy: SINGLE
Draft Date: 21 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976JAKART10955
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760321-0987
From: JAKARTA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760831/aaaabazo.tel
Line Count: 80
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: KelleyW0
Review Comment: n/a
Review Content Flags:
Review Date: 26 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 MAY 2004 by ElyME>; APPROVED <19 OCT 2004 by KelleyW0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GOI-STANVAC SITUATION
TAGS: ENRG, ID, STANVAC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006